



**CITY OF CHANDLER  
MAYOR'S 4-CORNER  
RETAIL COMMITTEE -  
FINAL REPORT**



March 22, 2011

**Jay Tibshraeny**  
Mayor

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Creating a favorable economic climate is a complicated process in any community. While Chandler has enjoyed many achievements over the past several decades, we also face many challenges in the lingering wake of the Great Recession.

Vacant storefronts, shifting traffic patterns, new trends in retail, and aging infrastructure and neighborhoods are just a few of the issues we are faced with today. And all of them affect the economic viability of our long-term success. This report takes a hard look at those challenges and offers a number of thoughtful solutions.

This did not come about by accident. It is the product of a blue ribbon panel comprised of residents and members of the development community who I asked to come together over the past several months to discuss how we can continue to create a successful economic environment for these struggling areas. These are the types of strategies we must continue to identify as we move forward. However, this is neither a quick solution nor an easy one. It is a long-term process -- and one we are committed to see through.

With that said, I want to sincerely thank those who made the commitment of their time and business acumen to create this report. Thanks also to the staff of our Economic Development Department who worked with the committee throughout this process.

Sincerely,

Jay Tibshraeny  
Mayor



## Mayor's 4-Corner Committee Participants

Chapin Bell, PB Bell Companies

Boe Bergeson, Weitz Company

Ed Bull, Burch & Cracchiolo

Tammy Carr, Howard S. Wright Constructors

Michael Edwards, Davis Architects

Nora Ellen, Keller Williams Realty

Tori Fearey, Phoenix Design One

Teri Ferguson, American Title Service Agency

Michael Flanders, Saemisch DiBella Architects

Carter Froelich, DPF

Brent Habakangas, Phillips Edison & Co.

Michael Haenel, Cassidy Turley

Terri Kimble, Chandler Chamber of Commerce

Niels Kreipke, Desert Viking Companies

Spike Lawrence, Lawrence & Geyser

David Lu, Vivo Partners

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## **Introduction**

Upon taking office in January 2011, Mayor Jay Tibshraeny directed staff to assist in the formation of a committee to examine Chandler's aging commercial areas – primarily along the corridors along Arizona Avenue, Alma School Road and Dobson Road – and make recommendations for revitalizing these areas. These corridors have been the most affected by the recent downturn in the national and state economies, changes in the retail industry and new development in the City, including the opening of new freeways and the development of new space. These areas have also been significantly impacted by the loss of national tenants, which has led to high vacancy rates.

Some of the issues that have been identified as having a significant effect on the overall retail environment, but particularly these older commercial areas, include:

- the opening of Chandler Fashion Center in 2001, which led to the relocation of many national tenants to the mall area;
- the opening of the Loop 202 Santan Freeway, which resulted in a shift in traffic patterns in recent years, and has affected the viability of shopping centers and retailers in older areas of the City. Many of the intersections in this area have seen double-digit decreases in traffic since 2003. (See Appendix A for further details);
- the opening of the Santan Freeway also led to the development of several new power centers, which has attracted many national tenants; and
- a number of bankruptcies and store closures in the retail industry in recent years have had a significant impact as well.

The committee met on three occasions between November 2011 and January 2012. This report provides a synopsis of the committee's recommendations to the Mayor and City Council. The three major components of the report are: 1) an introduction and background regarding the current status of retail vacancies in the Phoenix metropolitan area, the East Valley and Chandler; 2) recommendations from the committee on how Chandler can make itself more competitive for redevelopment and reuse projects; and 3) recommendations on revitalizing seven key intersections in the City.

## **Importance of the Committee's Efforts**

A recent retail symposium conducted by both the International Council of Shopping Centers (ICSC) and the Arizona Association for Economic Development (AAED) included a panel discussion titled, "Managing Retail Expectations for Success."

The panel included representatives from a large grocery chain, a bank, a retail developer, a finance company and a law firm specializing in zoning cases. The discussion underscored the importance of the Committee's work and validated a number of their findings as detailed in this report. Among the points that were made by the panel that are relevant to Chandler's efforts:

- Retailers and developers stressed that they are more likely to work with cities that are viewed as willing to work with them.

- Several of the panelists discussed the need to balance the “ideal” with what works best for the operations of the tenant. Companies will no longer sacrifice things considered critical to optimal operation just to get a store open as they tend to result in poor performing locations.
- One panelist discussed how their company had faced increasing fees and processing times for permits despite lower workloads in Phoenix area cities. This was affecting where the company chose to invest in redevelopment.
- Developers stressed that retailers are no longer paying a premium for space in the Phoenix metro area. Therefore, when cities mandate design standards or other requirements that cannot be passed on to the retailer, the developer cannot do the project.
- Many cities have taken time during this period of slow development to look at the current zoning of properties and their zoning codes to find ways to make development easier. It was stressed that the cities that have properties that are properly zoned will get deals done when the market improves. Many cities are not requiring a full design of the site, which is cost prohibitive to rezoning in the current market. Examples of zoning codes that have been relaxed are prohibitions that many cities have against corporate logos and architecture.
- A key issue identified by the panel for the near future is the stated desire by many retailers, including TJ Maxx, Kohl’s, and Best Buy, to downsize the footprint of their stores as leases expire. This could have a significant impact on cities as it could result in the availability of many 5,000 – 10,000 square-foot spaces that do not have storefronts and/or have other development challenges. These stores have indicated if landlords are not flexible, they will likely seek developers to build spaces that meet their new criteria, which could result in the relocations of these retailers to different jurisdictions and more vacant “big-box” buildings.

A recent article showed that Best Buy’s average store in 2007 was 40,000 square feet, but new leases in 2011 were around 33,000 square feet. In addition, Office Depot is opening a 5,000 square foot concept which is part of a strategy to replace its 26,000 square-foot locations.

## **Background**

### **East Valley Retail Analysis**

The issues related to retail vacancies and the reuse/revitalization of aging retail centers are not limited to the City of Chandler. In fact, retail vacancies are a major issue in the East Valley (Mesa, Gilbert and Chandler) of metropolitan Phoenix as a whole. The following is a snapshot of data provided by CBRE in order to show the magnitude of the issue in the entire East Valley.

In the 3<sup>rd</sup> quarter of calendar year 2011, the East Valley submarket had a 16.2% vacancy rate for retail properties, which was significantly above the metro region as a whole (12.4%) and considerably higher than all other submarkets, with North Phoenix the next closest in terms of vacancies at 14.3%.

The numbers above become even more troubling when regional malls, which have, at least in the East Valley, fared relatively well during the downturn, are excluded. The vacancy rate in the East Valley submarket jumps to 17.5%, when regional mall space is excluded, as compared to the region as a whole at 13.2%. This tends to illustrate that mall space, which accounts for a significant portion of the total retail space and has had relatively low vacancy rates, is masking even higher vacancy rates in the other products in the submarket.

The CBRE report also analyzed the “big box” retail buildings (for the purpose of their report defined as those with square footage greater than 10,000 square feet) that are available in metro Phoenix. Again, the East Valley’s vacancy rate is significantly higher than the region as a whole, with a total of 117 spaces and 3.46M square feet vacant in this category. This translates to approximately 36% of the metro area’s vacant “big box” buildings and 39% of its vacant square footage in this category.

### **Chandler Retail Analysis**

When specifically looking at Chandler, some of the key measurements include:

- A retail vacancy rate of 13.2% in the 3<sup>rd</sup> quarter of 2011, with a retail base of 16.86 million square feet. (Source: CoStar)
- Of the total amount of vacancy, which was over 2.2M square feet, nearly 300,000 square feet can be directly attributed to bankruptcies and store closures by just a handful of retailers, including Bashas’, Borders’, Ultimate Electronics and Mervyn’s.
- The retail vacancy rate in Chandler has been increasing significantly over the past several years, as illustrated below:

#### **Quarter 3 (CY)**

2008 = 7.1%  
2009 = 7.4%  
2010 = 10.7%  
2011 = 13.2%

The 2011 vacancy rate represents a 1.5% increase in vacancy since the first quarter of 2011, and the vacancy rate is nearly a full point higher than Maricopa County as a whole (12.4%). This is considered

significant as for many years the City's vacancy rate was generally a percentage point or so lower than the region as a whole.

- Chandler Fashion Center, with its 1.76 M square feet of mall space, had a vacancy rate of approximately 9%, well below the City as a whole and below the average (10.4%) for this submarket in the region. (Source: CoStar)
- When looking at "big box" vacancies, the City currently has approximately 30 properties of 10,000 square feet or greater and a total of 870,000 square feet of these properties. (Source: City of Chandler, Appendix B) (1)
- Several key intersections in the City's older commercial core exceed a 30% retail vacancy rate. This report discusses several of these intersections in further detail, along with the committee's recommendations for revitalization of these areas.

### **Retail Space in the East Valley and Chandler**

The East Valley has a retail base of 37.97 million square feet which translates into approximately 43 square feet of retail per capita based on the 2010 Census. This figure is on par with the latest U.S. figure of approximately 47 square feet of retail per capita. However, the U.S. figure greatly exceeds many other industrialized nations, such as the United Kingdom (23 sq. ft. per capita), Canada (13 square feet) and Australia (6.5 square feet), possibly indicating that the level of retail space in the U.S. and in the East Valley may not be sustainable. (Source: International Council of Shopping Centers – based on 2007 Economic Census)

While the East Valley's amount of retail space per capita as a whole is consistent with the overall figure for the nation, Chandler's 71 square feet of retail space per capita, based on the 2010 Census, far exceeds it. This likely indicates that the City is significantly over-retailed. The most recent study by the International Council of Shopping Centers (ICSC) of the top 50 U.S. markets showed on average that these markets had approximately 44 square feet of retail space per capita, with the highest level being in Southwest Florida with 74 square feet per capita. While this 2003 study may be somewhat outdated, it likely supports the premise that Chandler's 71 square feet of retail per capita represents an excess of retail space. (Source: ICSC)

The information regarding the East Valley as a whole is presented to illustrate several points:

- It is very likely that the East Valley as a whole is over-retailed, and that Chandler is almost certainly over-retailed. This seems to underscore that the source of revitalization for the older corridors under consideration is likely to be the reuse/redevelopment of space and not new retail users.
- As a City we are competing with other East Valley cities to fill vacant retail space. There are fewer retailers, particularly "big box" users, due to overall industry issues, including numerous bankruptcies and store closures in recent years. In addition, those retailers that are seeking space in the market are generally looking for newer buildings and freeway locations, such as the mall and power centers which have been built in recent years as discussed above.

- Many of the centers within the City's older commercial areas have likely outlived their useful lives as commercial properties due to their location, condition, shift in traffic patterns, etc., and the property's best use may be redevelopment and/or reuse with non-commercial users.
- (1) For the purpose of this study, and to be consistent with the above reference CBRE study, "big boxes" are defined as buildings 10,000 square feet or greater. It is important to note that the City's "big box" ordinance applies to buildings above 150,000 square feet.



## **Committee Recommendations for Improving the Development Process**

The Committee had some general comments regarding the overall development environment and ways to help ensure that the City has a positive businesses climate for developers seeking to reuse and/or redevelop projects in the targeted areas of the City. Among the comments:

- The City needs sustainable solutions, and in some cases, best and highest use in the future will be a complete reuse of a particular redevelopment site.
- Almost all local municipalities are pro-business now. When developers and retailers decide which cities to do business in “business friendly” goes a long way. The aggressive cities tend to get the deals.
- If developers see one City as being a partner versus another that will be a stop-gap, the direction is clear to developers. They won’t do the project if the City is not supportive. The City needs to be friendly and easy to work with. The City also needs to be flexible so that the choice isn’t between rigid planning and a boarded up center.
- Developers need projects to be economical to make them work. What a developer can pay for a site is backed into by:
  - 1) Density that can be approved
  - 2) Fees to be paid
  - 3) Cost of construction
  - 4) ImprovementsDoing a Cost/Benefit analysis doesn’t mean that developers will build “junk” – Chandler can provide good guidance without adding significant costs
- City staff needs to have additional decision making power, which reduces the amount of time and money spent on projects. The City needs to employ best practices available today, not be stuck with the way it used to do things
- The Committee was very complimentary of Chandler’s Small Business Assistance Team (SBAT), with one member commenting that through the team’s effort they had three permits that went through very easily in the previous 30 days.

The Committee also made specific recommendations that are believed to help enable the City to be more responsive to the needs of landlords, tenants and developers in order revitalize the targeted redevelopment areas of the City. The committee believes that flexibility is the key to redevelopment projects as they often can’t meet current/standard zoning requirements. Therefore, the City must be a partner in the process, which includes fast-tracking reuse and redevelopment project permits in targeted areas at no additional charge. The Committee would also like to examine the potential of the City providing additional financing for those areas designated for revitalization as they believe they could set Chandler apart in gaining interest from developers.

More specific recommendations on assisting the revitalization process and discussion of each recommendation are contained below.

**RECOMMENDATION #1:**

**The City should create a team that will provide support to developers/property owners to address the challenges that are faced when working on sites in the City's identified redevelopment areas.**

- The team would work with developers through the PAD/PDP process
- The Committee stressed that the team should be staffed by individuals from all disciplines, including civil engineering, planning/site development, building, transportation, economic development and neighborhoods. Staff should have experience with redevelopment projects and have the authority to make high level decisions.
- Work to identify and resolve the special challenges faced when working on these sites.
- Help ensure compatibility and connectivity with neighborhoods by creating sidewalk projects.

**Staff Response:** City Staff has been having internal discussions about how to structure this team and the prospective members. An implementation plan will be developed during the fourth quarter of FY2011-2012.

**RECOMMENDATION #2:**

**The City should examine required parking ratios in the City's identified redevelopment areas.**

- The current City parking ratios are a challenge to redevelopment and the City's ordinance needs to be reviewed and reconsidered, particularly in identified redevelopment areas.
- The process to change parking requirements is a hindrance to both new development and redevelopment, and staff should have additional flexibility to determine parking requirements without Council approval.
- Developments should not have to park for a future use. Developers are often required to park centers to accommodate the "worst case scenario" of potential future users. Parking should be based on the needs of the center today. Otherwise, it is seen as violating both green and open space principles and contributing to the heat island effect.
- The City needs to incorporate more of a shared parking model, particularly in identified redevelopment areas, as many of these tenants do not generate activity that approaches the parking required by the current code. There needs to be flexibility in these areas, creating a "win-win" to bring in tenants.
- Parking for medical uses should be determined by the number of staff in the office instead of square footage as there are only so many patients that can be accommodated at one time.

**Staff Response:** Staff has presented a proposal that would allow administrative approval for minor adjustments to the parking code to a City Council subcommittee and the Planning and Zoning Commission, and intends to present the plan to the full Council in the fourth quarter of FY2011-2012.

**RECOMMENDATION #3:**

**The City should examine its code with regard to housing density, particularly in the City's designated Infill Incentive Plan area.**

- The committee is adamant that the City should not sacrifice quality for quantity, and understands that the City needs to look for what works best in the neighborhood. They believe that issues of compatibility can be overcome with quality through the PAD/PDP process, and ensure projects will look good 30 – 40 years from now.
- The Committee believes that 18 dwelling units per acre is a number that needs to be reviewed, particularly in the Infill Incentive Plan area, and that 22-24 dwelling units per acre is the minimum necessary for a project to be feasible.
- In addition, it is believed that rents are commanded by what can be supported in the market, so developments of 50 dwelling units per acre won't be built in Chandler because the underground parking associated with this level of density cannot be supported.
- Multi-family developers have indicated that projects with less than 150 total units are not economically feasible. They simply cannot provide the amenity package that makes a project successful. In fact, a project of 200 plus units is much more economical as the management staff, fitness center, pools, community rooms and open space are spread over more units.
- If the current level of 18 dwelling units per acre stays in effect, and a General Plan Amendment in November 2012 is required to change it, the Committee believes that Chandler could miss the current opportunities for multi-family projects. It is believed that the money is now going to larger cities (such as Los Angeles, San Francisco, New York, Washington, D.C. and Boston) and the funding will dry up if the City isn't responsive.
- By allowing for additional density on redevelopment sites it will help with both the financial feasibility of the project and also bring additional residents to support existing retail and services. The City should examine the economic impact of additional multi-family development on existing retail when considering projects.
- It is believed that the City of Chandler will have additional demand for multi-family space as the new global workforce is more mobile, needs more flexibility, and especially as the "Echo Boomer" generation tends to be satisfied renting versus owning a home.

Appendix C illustrates both the boundaries of the Infill Incentive Plan area and the available vacant properties.

**Staff Response:** City staff is working on a proposal that it intends to present to the City Council, which would allow more flexibility with regard to housing densities in the Infill Incentive Plan area. The area that is anticipated to be included in this minor amendment to the General Plan follows the Infill Incentive Plan boundaries (illustrated in Appendix C) very closely, but will also likely include the areas south of Pecos Road to the Loop 202 Santan Freeway.

**RECOMMENDATION #4:**

**The City should examine its landscape requirements with regard to their limitations in the City's designated redevelopment areas.**

- The number of trees required by the City is a challenge to the development/ redevelopment of shopping centers both in cost and in the operation as they limit view corridors. Older retail centers can't compete with newer retail space.
- If landscaping blocks the signage of older, small unanchored centers it is devastating to the tenants. These retailers must be seen from the road. Allowances need to be made for the older, unanchored centers as times have changed with regard to their marketability.
- There needs to be some flexibility to analyze the market area to see what landscaping should be required. Focus should be on making the perimeter of the center attractive, while creating view corridors where plants can be grouped together and signage can still be visible.
- A successful example of thinning landscaping was Paradise Valley Mall, where Westcor upgraded landscaping but also trimmed back established trees in order to increase view corridors.
- Code requirement of 48" box trees should be examined. Could 24" trees be used and the savings utilized in other areas?
- Properties with large landscaped and/or seating areas have huge maintenance costs and often deter investors from buying them.
- Color is as important as size of landscaping. The colors of the plant material tend to show a thriving area and immediately indicate a freshened up property.

**Staff Response:** The City currently has flexibility in the type and clustering of landscaping. Staff does not feel that changes to the code are necessary, and are willing to work with developers and property owners to find solutions that fit both the City's code and the needs of the property.

**RECOMMENDATION #5:**

**The City should examine its sign code and look for potential revisions in the City's designated redevelopment areas that will assist in helping current tenants to survive and/or to obtain new tenants.**

- The City needs to help businesses remain competitive. Allowing banners – those that are professionally done- may be the reason some small tenants still exist.
- There should be more flexibility for projects in targeted redevelopment areas, including an increase in the allowable number of tenant panels on monument signage.
- Highly desirable retail properties have a mix of tenants that ensure significant traffic and the signage necessary to support national credit tenants. However, the properties in targeted redevelopment areas need assistance to ensure that these tenants can survive.
- Allowing additional monument signs and/or panels may be a better long-term solution than temporary banners and/or the A-frame signs that tend to be prevalent in these areas.
- Currently, a request to increase the number of tenant panels on a monument sign requires a PAD amendment process. The committee recommends more staff flexibility to make these decisions.

**Staff Response:** Staff is currently working on a proposal for City Council approval that would allow administrative approval for additional tenant panels on monument signs. The tentative plan would allow staff to approve up to four tenant panels without City Council approval an increase from the two panels that are currently allowed by the sign code.

**RECOMMENDATION #6:**

**The City should not allow redevelopment projects to block visibility to existing shopping centers.**

- The Committee expressed concern that as new buildings are constructed canopies, carports and drive through areas should not further block visibility to signage and store fronts, which can be devastating to struggling centers.

**Staff Response:** Planning staff will consider these issues before approval of plans for additional buildings and structures.

**RECOMMENDATION #7:**

**The principles of the Commercial Reinvestment Program (CRP) still work and the program should continue as a tool for revitalization.**

- The Committee believes that the standard should be, “Can a particular center get a new mix of tenants in order to make the area successful again?” If so, a complete façade renovation can assist in making a center thrive again.

**Staff Response:** The City’s Infill Incentive Plan still incorporates key parts of the CRP including the ability for City Council to approve projects that assist with renovations at existing shopping centers that would assist in securing strong retail tenants.

**RECOMMENDATION #8:**

**The City should examine the mechanisms by which property owners are encouraged to tear down abandoned and blighted buildings.**

There is a concern among Committee members that the City needs to be more proactive in dealing with abandoned and/or blighted buildings as they tend to have a detrimental effect on other centers and neighborhoods in the area.

- The committee understands that private property rights present difficult obstacles to overcome, but suggests that requirements be put in place, if possible, that the aesthetics of the facility be kept up and the facility be in operating condition.
- The Committee also recommends that the City explore incentive-based programs that could assist property owners in removing blighted buildings.

**Staff Response:** Neighborhood Resources funding for the current fiscal year is completely dedicated to the voluntary removal of blighted housing units. Staff will investigate the possibility of receiving Community Development Block Grant (CDBG) funding for the removal of blighted commercial properties during FY2012-2013. If funding is available, a formal program will be coordinated among the relevant City departments.

**RECOMMENDATION #9:**

**The City should periodically produce a list of properties and owners within the City's identified redevelopment areas and engage the owners regarding further opportunities.**

- The producing a list of properties and their owners would enable interested parties (i.e. other property owners, developers, brokers, etc.) to proactively communicate and share ideas and/or make proposals for revitalizing these properties.
- The City should attempt to make all property owners in the area aware of the recommendations of the Committee and any new programs that are created as a result. In addition, staff should have discussions with property owners in redevelopment areas to determine their plans and willingness to sell or participate in revitalization efforts.

**Staff Response:** Economic Development staff will develop a plan to communicate this report and any City Council actions as a result during the fourth quarter of FY2011-2012. In addition, staff will implement a plan to develop a list of properties in the designated redevelopment areas and disseminate it to relevant parties.

**RECOMMENDATION #10:**

**The City should aggressively market the vacant retail space in the designated redevelopment areas of the City for reuse and/or redevelopment.**

- The committee spent considerable time in focus groups discussing ideas for revitalizing seven key intersections within the City. The intersections were chosen based on vacancy issues, particularly anchor spaces. The committee made recommendations for what could be done to find new tenants for the space, reuse the space with non-commercial users and redevelop the sites with viable new uses.

**Staff Response:** Staff currently markets this space and the available City programs to assist in bringing new activity to redevelopment areas. These efforts will continue in the coming years with a focus on determining the feasibility of and attracting the users and developments recommended by the Committee.

The Committee made an additional recommendation that has been deemed as not feasible for City action. The recommendation was for the City to examine the use of "Deed Restrictions" by developers and/or retailers and to attempt to limit or void their use. After discussions with City Attorney staff, it

has been determined that the City does not have the legal ability to limit these contracts between private parties, and it was determined that there can be no further action on the City's part.

As part of recommendation #10, the Committee made specific recommendations about seven key intersections in the City. A list of ideas for the reuse of commercial space was provided to the Committee for consideration prior to evaluation of these intersections, and is attached as Appendix D. Many of these uses would be viable and appropriate at a number of the properties and intersections listed. The specific recommendations of the Committee for any given property and/or intersection represents their opinion of what is likely to be a viable use at that location.

It is important to note that the City will take these recommendations under consideration and explore the viability of each. However, the City is in no way advocating, endorsing or approving the identified uses. The list is only provided for the purpose of beginning the conversation of seeking revitalization of the identified redevelopment areas.



# CHANDLER

ARIZONA

## **INTERSECTION: Alma School Road and Elliot Road**



### **Key Tenants/Available Space:**

NWC: Fresh and Easy, former Blockbuster

SWC: Former Mervyn's, furniture store

NEC: Former Pure Fitness, former Peter Piper Pizza, office space (Second Floor)

SEC: Fry's Foods, Party City, Checker Auto

### **Estimated Area Population**

1 Mile – 16,685

3 Miles – 124,117

5 miles - 368,331

### **Estimated Area Median HH Income**

1 Mile - \$62,851

3 Mile - \$66,432

5 miles - \$63,066

Intersection Traffic Count: 67,200

Est. Intersection Commercial Vacancy Rate – 53%

### **Issues:**

This intersection has four corners of retail

- Vacant Mervyn's has significantly impacted the SWC
- Pure Fitness recently closed on the NEC
- Mervyn's may need a reuse as it will likely be difficult to find retail user for this size of space
- It is believed that other retailers are facing challenges and may be leaving in the future
- Former Pure Fitness (NEC) paying rent with corporate guarantees - no longer brings activity to the area.

### **Positives/Opportunities:**

- Intersection has strong demographics, high traffic counts and good population densities
- Near City's border with Tempe and Mesa, opportunity for sales tax generation from outside the City

### **Potential Tenants:**

- Pet supply companies
- Shooting range (Gun Club)
- Specialty grocer

### **Potential Reuses**

- Colleges and universities that would support our companies
- Indoor storage
- Reach out to the ethnic communities to rebrand or for use as a cultural center



# CHANDLER

ARIZONA

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## **INTERSECTION: Alma School Road and Elliot Road (Cont.)**

### **Additional recommendations**

- Consider Mervyn's center for a commercial reinvestment program project – looks tired, old and outdated, but could look attractive. A large user taking the former Mervyn's building could expand further by taking additional existing space in the center.

# CHANDLER

ARIZONA

## **INTERSECTION: Alma School Road and Warner Road**



### **Key Tenants/Available Space:**

NWC: ACE Hardware. Former Furniture Store

SWC: Big Lots, 99 Cent Only, Home Design Center, Furniture Store

NEC: Wal-Mart, Fry's, Former PetSmart

SEC: Chandler Prep Academy

### **Estimated Area Population**

1 Mile – 17,720

3 Miles – 136,217

5 miles - 334,846

### **Estimated Area Median HH Income**

1 Mile – \$59,492

3 Miles – \$66,115

5 miles - \$68,534

Intersection Traffic Count: 62,100

Est. Intersection Commercial Vacancy Rate – 20%

### **Issues:**

- NEC has significant vacancy, including PetSmart and the Village-type development, which is over 90% vacant
- Fry's (NEC) lease has only 2 – 3 years left
- Ace Hardware (NWC) has a small space in a challenging center
- Lack of signage at NEC, owner seeking additional signage

### **Positives/Opportunities:**

- Excellent population densities and traffic counts
- Chandler Prep brings additional activity to intersection
- Village development at NEC – opportunity for unique user
- SWC was a CRP project – updated and very attractive

### **Potential Tenants:**

- Look into studios that offer classes – art, karate, ballet – for the village-type development (NEC)

### **Potential Reuse:**

- Work with Chandler Prep on their long-term vision – does it include ancillary uses that could be in other centers

# CHANDLER

ARIZONA

## **INTERSECTION: Alma School Road and Queen Creek Road**



### **Key Tenants/Available Space**

NWC: Vacant Bashas' and Target  
SWC: Paradise, Keegan's, Pei Wei, etc  
NEC: Sprouts, Office Max, Stein Mart, etc.  
SEC: Albertson's, Pet Club, Hallmark, etc

### **Estimated Area Population**

1 Mile – 16,123  
3 Miles – 68,459  
5 Miles – 197,279

### **Estimated Area Median HH Income**

1 Mile – \$93,638  
3 Miles – \$83,011  
5 miles - \$75,215

Intersection - Traffic Count: 44,700

Est. Intersection Commercial Vacancy Rate - 33%

### **Issues:**

- Intersection has four corners of retail development
- Fulton Ranch area retail developments have had an effect on this area. Is there too much retail?
- Bashas' and Target closings have led to a significant vacancy on the NWC
- Excellent demographics, but lacks population densities
- Lack of traffic from the south and west

### **Positives/Opportunities:**

- Outstanding demographics particularly at one mile
- The employment on Price Road should ensure long-term viability for much of this area
- Parcel behind NWC zoned residential
- Vacancy is low - other than NWC
- Unique retailers

### **Potential Tenants**

- Multi-sports indoor training in "big box" buildings on the NWC. Columns could present challenges.
- Fitness user for "big boxes" on NWC
- Recreation/Entertainment user, (i.e. bowling, high-end boutique movie theatre)
- Back office/call center users in the NWC "big boxes"
- Mini-storage in the back portion of the NWC
- Farmer's Market in the parking lots of the NWC

## **INTERSECTION: Alma School Road and Queen Creek Road (Cont.)**

### **Potential Reuse/Redevelopment**

- Redevelop the Target site with multi-family housing.

### **Additional recommendations**

- The NWC needs to be more walkable
- City should support the removal of parking as there is a perception that the NWC is over-parked



# CHANDLER

ARIZONA

## INTERSECTION: Alma School Road and Ray Road



### Key Tenants/Available Space

NWC: Vacant Albertson's  
SWC: Goodwill, East Valley Jewish Community Center, Future site of Museum of Tolerance  
NEC: City-owned property  
SEC: Misc. retail

### Estimated Area Population

1 Mile – 17,396  
3 Miles – 134,895  
5 miles – 293,943

### Estimated Area Median HH Income

1 Mile - \$56,130  
3 Miles - \$64,912  
5 miles - \$74,000

Intersection - Traffic Count: 61,100

Estimated Intersection Commercial Vacancy Rate - 40%

### **Issues:**

- Former Albertson's vacant on NWC, has resulted in significant corresponding vacancies
- This intersection has several older buildings

### **Opportunities:**

- Museum of Tolerance should bring significant traffic to intersection
- City owns NEC, which along with adjacent parcel to the east could be developed together, after road construction
- Housing to the east of the SEC could potentially be redeveloped

### Potential Tenants

- Medical uses, such as outpatient services and memory care for the NWC (former Albertson's). This site is relatively close to Chandler Regional Hospital and will bring jobs to area.
- A retail incubator for the NWC in the former Albertson's
- Tenants complementary to the Museum of Tolerance

## **INTERSECTION: Alma School Road and Ray Road (Cont.)**

### **Potential Reuse/Redevelopment**

- Assisted living and senior housing. There is a perceived shortage of available product.
- The NEC could support a smaller office development
- Additional residential could likely be supported on the NEC and SEC, both boutique and dense residential developments are seen as possible on the NEC

### **Additional Recommendations**

- Intersection does not need additional retail development on the NEC and there is little need for office because of the lack of a freeway.
- The standard City setbacks will likely be a huge burden to overcome for any redevelopment considered at the intersection.

### **Note:**

It is important to note that the recommendations for the NEC of this intersection were made prior to the announcement that M.D. Pruitt's Furniture would be purchasing the former Albertson's space and opening a new store in late spring/early summer. The City believes this is an excellent retail user that will bring activity to this intersection.

# CHANDLER

ARIZONA

## **INTERSECTION: Arizona Avenue and Warner Road**



### **Key Tenants/Available Space**

NWC: Target, SwapSmart, Charter School

SWC: Bowling Alley, Domino's Pizza

NEC: PGA Store, Dollar Tree, Thrift Store

SEC: QT

### **Estimated Area Population**

1 Mile – 16,281

3 Miles – 137,708

5 miles - 338,888

### **Estimated Area Median HH Income**

1 Mile – \$53,952

3 Miles – \$66,025

5 miles - \$67,765

Intersection - Traffic Count: 62,100

Est. Intersection Commercial Vacancy Rate – 22%

### **Issues:**

- Significant vacancies at East Valley Mall
- Intersection has several older buildings
- Amount of commercial space at intersection likely far exceeds demand
- Design limitations at East Valley Mall - pads block visibility and a perceived lack of lighting

### **Positives/Opportunities:**

- Excellent population densities and traffic counts
- NEC was a Commercial Reinvestment Program project, and PGA Tour Superstore and The Golf Academy bring activity to the intersection
- SwapSmart is now open on NWC, generating activity but only on weekends
- Potential to be part of a light rail corridor?

### **Risk:**

- “Big box” tenants leaving the market

### **Potential Tenants**

- Retail users that are complementary to PGA Tour Superstore are seen as necessary.

### **Potential Reuse/Redevelopment**

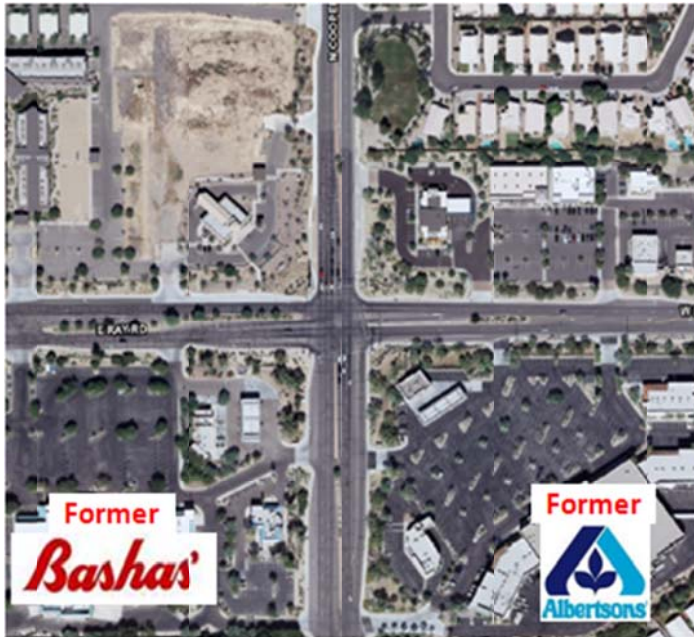
- NWC is seen as a good location for high-density residential/workforce housing on approximately 15 acres
- The above corner also is seen as a potential complete redevelopment project to possibly include employment uses, such as office and/or showroom type users.



# CHANDLER

ARIZONA

## **INTERSECTION: Cooper Road and Ray Road**



### **Key Tenants/Available Space**

NWC: Office Building

SWC: Former Bashas', etc.

NEC: Bank, Venezia's Pizza, Famous Sam's (Town of Gilbert)

SEC: Former Albertson's (Town of Gilbert)

### **Estimated Area Population**

1 Mile – 14,937

3 Miles – 121,613

5 miles - 301,739

### **Estimated Area Median HH Income**

1 Mile – \$92,241

3 Miles – \$72,009

5 miles - \$73,981

Intersection - Traffic Count: 44,500

Est. Intersection Commercial Vacancy Rate – 68%

### **Issues:**

- Significant vacancies due to the closures of Bashas' and Albertson's (Town of Gilbert)
- SWC is perceived to have overgrown landscaping, resulting in visibility issues and poor signage.
- Orientation of Bashas' is seen as a challenge - does not have good visibility to Gilbert Road traffic.

### **Positives/Opportunities:**

- Excellent densities and demographics (HH incomes high), particularly at one-mile. However, traffic counts are low.
- Vacant parcel on NWC

### **Potential Tenants**

- Services, including a dry cleaner and day spa at the SWC
- SWC is seen as a potential for family recreation, such as an Amazing Jake's, laser tag and/or bowling alley

### **Potential Reuse/Redevelopment**

- Examine whether multi-family can go on NWC. There is a strong feeling that this intersection needs some level of multi-family housing.

### **Additional Recommendations**

- Work jointly with Economic Development staff in Gilbert on this intersection. There is the opinion that the Gilbert side is a better laid out grocery-anchored center than the Chandler side.

**INTERSECTION: McQueen Road and Pecos Road**



**Key Tenants/Available Space**

NWC: CVS Pharmacy, Extreme Air, Misc. Retail

SWC: Vacant parcel, zoned AG-1

NEC: Former Bashas'

SEC: Vacant parcel, zoned County

**Estimated Area Population**

1 Mile - 10,264

3 Miles - 103,191

5 miles - 263,851

Intersection - Traffic Count: 40,500

Est. Intersection Commercial Vacancy Rate – 45%

**Est. Area Median HH Income**

1 Mile – \$64,031

3 Miles - \$71,311

5 Miles - \$78,758

**Issues:**

- Bashas' vacancy and the resulting loss of business and vacancies on NEC, not likely to be replaced with a grocer
- School crossings on north side deter pass-through traffic
- The NWC is occupied with Extreme Air, but open limited hours
- Sewer lift station on SWC limits opportunities for development

**Positives/Opportunities:**

- NWC and NEC - new, attractive, visible centers
- Good access from Loop 202 and on the going home side of street
- Former fitness club replaced by Extreme Air – indoor recreation facility

**Potential Tenants**

- Medical uses
- Educational users – technical, trade school

## **INTERSECTION: McQueen Road and Pecos Road (Cont.)**

### **Potential Redevelopment**

- City-owned pocket park or community garden on SEC
- Residential on SEC and SWC

### **Additional Recommendations**

- Landscaping at NEC is seen as blocking visibility

## APPENDIX A

### Chandler Intersection Traffic Counts - CRP AREA 2003-2011

| <u>Intersection</u> | <u>2003</u> | <u>2004</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <b>Change<br/>2003 to<br/>2011</b> |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------------------|
| <b>Dobson</b>       |             |             |             |             |             |             |             |             |                                    |
| Elliot              | N/A         | 58,203      | 61,032      | 62,009      | 53,200      | 58,500      | 54,110      | 50,700      | -12.9% *                           |
| Warner              | 63,364      | 58,933      | 74,001      | 57,111      | 57,400      | 53,200      | 58,188      | 58,600      | -7.5%                              |
| Ray                 | 67,083      | 67,009      | 69,698      | 66,872      | 56,500      | 63,300      | 56,563      | 59,600      | -11.2%                             |
| Chandler            | 70,399      | 73,691      | 60,630      | 60,130      | 59,800      | 64,000      | 59,914      | 63,500      | -9.8%                              |
| Pecos               | 13,690      | 23,814      | 23,130      | 24,358      | 29,100      | 22,100      | 29,376      | 31,700      | 33.1% **                           |
| <b>Alma School</b>  |             |             |             |             |             |             |             |             |                                    |
| Elliot              | 59,706      | 66,836      | 77,089      | 73,534      | 67,500      | 58,200      | 67,173      | 53,500      | -15.1%                             |
| Warner              | 78,512      | 76,020      | 65,561      | N/A         | 47,900      | 58,900      | 47,195      | 66,400      | -15.4%                             |
| Ray                 | 70,910      | 69,900      | 64,328      | 61,206      | 60,200      | 56,700      | 61,052      | 62,000      | -12.6%                             |
| Chandler            | 61,286      | 74,854      | 61,051      | 60,691      | 59,700      | 67,800      | 60,560      | 55,600      | -9.3%                              |
| Pecos               | 40,018      | 37,207      | 37,062      | 42,152      | 41,700      | 40,700      | 41,738      | 45,500      | 13.7%                              |
| <b>Arizona</b>      |             |             |             |             |             |             |             |             |                                    |
| Elliot              | 61,917      | 68,566      | 66,215      | 66,646      | 61,600      | 57,100      | 62,164      | 51,700      | -16.5%                             |
| Warner              | 66,770      | 72,240      | 65,608      | 65,574      | 61,600      | 58,700      | 62,116      | 61,700      | -7.6%                              |
| Ray                 | 63,249      | 70,021      | 62,126      | 61,516      | 57,300      | 60,500      | 58,386      | 60,000      | -5.1%                              |
| Chandler            | 65,446      | 69,376      | 51,053      | 50,949      | 51,900      | 55,300      | 52,434      | 52,300      | -20.1%                             |
| Pecos               | 35,308      | 38,966      | 38,885      | 44,885      | 46,600      | 45,700      | 47,073      | 58,800      | 66.5%                              |

\* Represents change from 2004 to 2011. In 2003, intersection was under construction.

\*\* Represents change from 2004 to 2011. In 2003, northbound segment of intersection was under construction.

## City of Chandler - Available Retail "Big Boxes" >10,000 Sq. Ft.

## APPENDIX B

| <u>Shopping Center</u>                        | <u>Location</u>             | <u>Sq. Ft.</u> | <u>Former Use</u>    |
|---|-----------------------------|----------------|----------------------|
| 1 Ocotillo Plaza                              | NWC Alma School/Queen Creek | 123,040        | Target               |
| 2 Mervyn's Plaza                              | SWC Alma School/Elliot      | 75,000         | Mervyn's             |
| 3 Chandler Marketplace                        | NWC Alma School/Ray         | 61,880         | Albertson's          |
| 4 The Annex at Chandler Commons               | SWC Cooper/Ray              | 58,265         | Bashas'              |
| 5 Hamstra Square                              | NEC McQueen/Pecos           | 54,022         | Bashas'              |
| 6 Ocotillo Plaza                              | NWC Alma School/Queen Creek | 53,600         | Bashas'              |
| 7 Kyrene Village                              | SWC Kyrene/Chandler         | 44,468         | Bashas'              |
| 8 Chandler Pavilions II                       | SEC 54th/Ray                | 34,000         | Ultimate Electronics |
| 9 Paseo de Oro                                | NEC Alma School/Elliot      | 33,236         | LA Fitness           |
| 10 Chandler Festival                          | NEC 101/Chandler            | 32,611         | Ultimate Electronics |
| 11 Santan Gateway South                       | SEC Arizona/202             | 28,155         | Paddock Pools, Misc. |
| 12 Chandler Pavilions                         | SEC 54th/Ray                | 25,163         | Border's             |
| 13 Sun Village Fair                           | NEC Alma School/Warner      | 23,837         | PetSmart             |
| 14 East Valley Mall (Bldg. G)                 | NWC Arizona/Warner          | 19,000         | Various              |
| 15 East Valley Mall (Bldg. D)                 | NWC Arizona/Warner          | 18,141         | Various              |
| 16 East Valley Mall (Plaza Bldg.)             | NWC Arizona/Warner          | 17,822         | Various              |
| 17 Raintree Ranch                             | SWC 101/Ray                 | 15,533 *       | Golf Galaxy          |
| 18 Osco Plaza                                 | NWC Dobson/Ray              | 15,251         | Osco                 |
| 19 Mervyn's Plaza                             | SWC Alma School/Elliot      | 15,205         | Various              |
| 20 Shops at Chandler Fashion Center (Bldg. C) | Chandler Village Dr         | 13,171         | N/A                  |
| 21 Paseo de Oro                               | NEC Alma School/Elliot      | 12,806         | Peter Piper Pizza    |
| 22 McRay Plaza                                | SEC McClintock/Ray          | 12,000         | Various              |
| 23 Downtown Ocotillo                          | SWC Dobson/Queen Creek      | 11,945         | N/A                  |
| 24 Shops at Chandler Fashion Center (Bldg. B) | Chandler Village Dr         | 11,060         | N/A                  |
| 25 Sunset Plaza                               | NEC Rural/Ray               | 10,596         | Daycare              |
| 26 Mervyn's Plaza                             | SWC Alma School/Elliot      | 10,300         | Various              |
| 27 Mervyn's Plaza                             | SWC Alma School/Elliot      | 10,200         | Various              |
| 28 Shops at Chandler Fashion Center (Bldg. A) | Chandler Village Dr         | 10,073         | N/A                  |
| 29 Chandler Gateway                           | NWC 101/Chandler            | 10,000         | Various              |
| 30 Raintree Ranch                             | SWC 101/Ray                 | 9,956 *        | Spa                  |
| <b>30</b>                                     | <b>Total</b>                | <b>870,336</b> |                      |

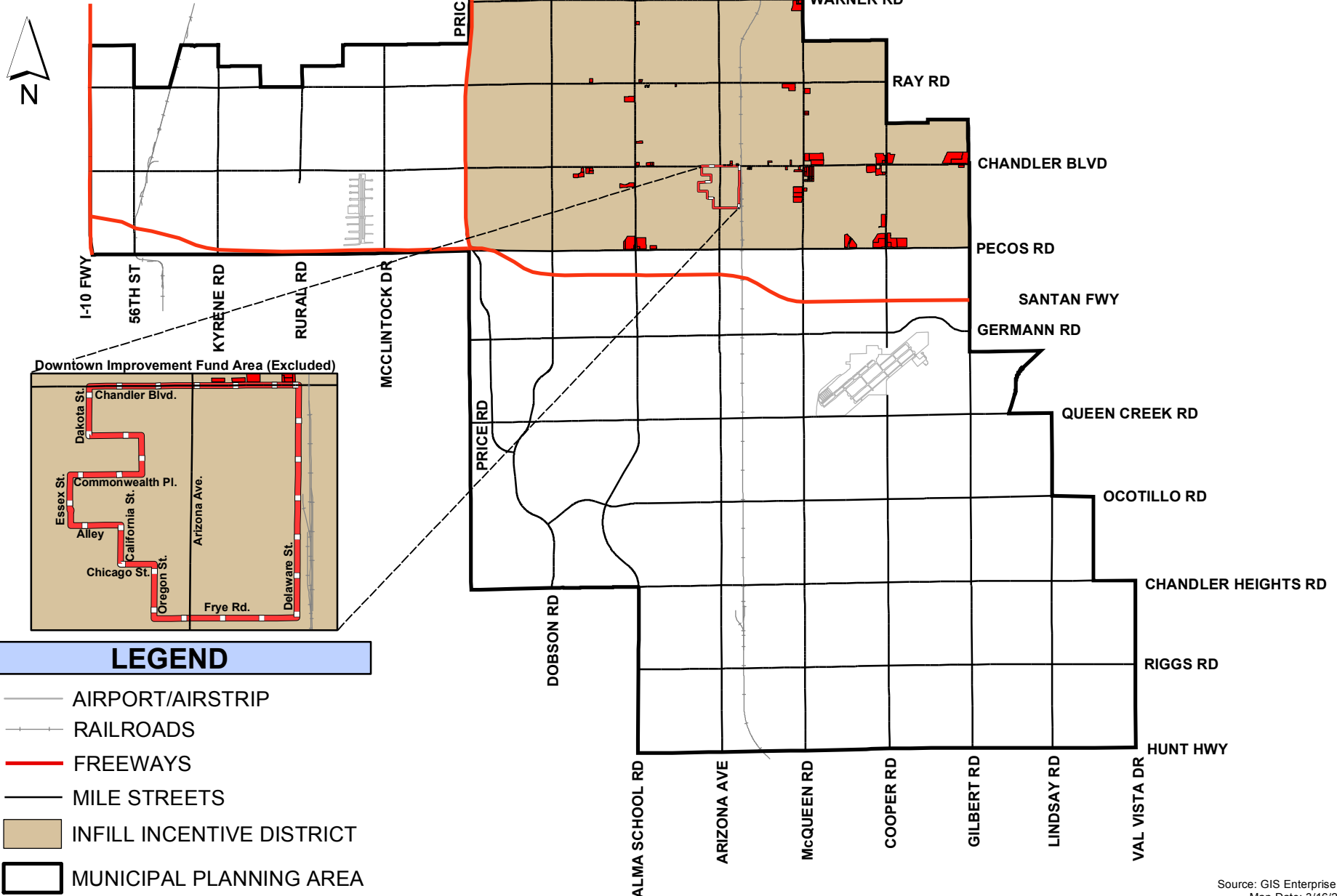
\* Property #30 is listed though it is below the 10,000 square foot threshold. It is listed because it is only slightly below the threshold and because along with Property #17 it creates the potential for a contiguous building of 25,489 square feet.



Chandler ♦ Arizona  
Where Values Make The Difference

# CITY OF CHANDLER VACANT PROPERTIES INFILL INCENTIVE DISTRICT MAP

## Appendix C



## **Ideas for Brainstorming – Reuse of Existing Retail Big Box Space**

- Split and Re-tenant
- Back Office/Customer Care Center
- Church
- Charter/Public School
- Fitness/Recreation (Indoor Biking)
- Medical / Urgent care
- University Satellite Classrooms
- Vocational Schools
- Auto Dealership
- Head Start Programs
- Meeting Space/Community Center
- Museum
- Library
- YMCA
- After-School Programs
- Entertainment (Bowling Alley, Indoor Amusement Park, Raceway, Arcade)
- Pet Daycare
- Satellite City Facility (Police, etc.)
- Self-Storage
- Retail Incubation
- Farmer's Markets
- Convert to Assisted Living (Requires significant building rework)
- Convert to Hotel (Requires significant building rework)